



North Carolina Department of Health and Human Services
Division of Mental Health, Developmental Disabilities and Substance Abuse Services
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Michael F. Easley, Governor
Carmen Hooker Odom, Secretary

Michael Moseley, Director

MEMORANDUM:

TO: Area/County Directors

FROM: Mike Moseley

DATE: November 10, 2004

RE: Funding Options for Community Psychiatric Coverage

A number of area/county programs have raised concerns regarding their ability to earn sufficient funds on a fee-for-service basis to ensure the maintenance and stabilization of local psychiatric coverage, both within the provider community and through psychiatrists employed by the LME. In joint discussions between the Division and LMEs, the stabilization and maintenance of psychiatric coverage is a shared concern statewide, especially in the more rural areas. This communication is an effort to address this issue and outlines several resource options for consideration in order to maintain this coverage. Beyond the options addressed below, which relate to Division allocations and Medicaid billings, area/county programs may direct local resources such as county funding, 1st and 3rd party reimbursements, etc., into maintaining psychiatric coverage at the local level.

I. From Within An Area/County Program's Current DMHDDSAS Allocations

- a. Area/county programs may request that UCR funds be moved into non-UCR accounts to provide additional funding. As with other funds moved into non-UCR accounts, these would be settled based on expenditures. The movement of funds in this manner would be for the purpose of providing additional resources for psychiatric coverage which are not duplicative of payments made by Medicaid or through IPRS. Since psychiatric coverage is not limited to simply child and adult mental health, the transfer of funds from UCR to non-UCR includes MH, DD and SA funds.
- b. If the area/county program has unspent funds from its non-Medicaid LME systems management payments, area/county programs may redirect those unexpended resources into providing additional services, such as psychiatric coverage, to target and non-target populations.



II. Additional Community Capacity Allocations Associated with Downsizing Plans

Area/county programs may include requests for psychiatric coverage funding associated with their community capacity efforts for State facility downsizing. This may include bridge, transitional or start-up funding from the MHTF, as well as utilization of your recurring commitment of funding.

III. Area/County Program Earning Funds by Alternative Community Service Delivery

In this scenario, the psychiatrist on staff of the area/county program may be contracted out by the area/county program to various community service providers for the provision of medical services. Such medical service settings may include, but are not limited to, school based clinics, health department clinics, primary care physician clinics, comprehensive provider groups, adult care homes, etc. Via such contractual arrangements, the agency or organization through which services are provided could pay the area/county program for the psychiatrist's services.

IV. CPT Coding for Medicaid and IPRS Billings

Area/county programs may consider reassessing the CPT billing codes utilized in the billing of psychiatric/medical services to determine if E&M codes may be utilized. For example, a medication check is generally billed under 90862 at \$49.04 per event. If relevant medical issues are addressed as part of the medication check, it may be more appropriate to bill an E&M code such as 99214 for E&M Moderate - Established Patient, at a billing rate of \$74.79 per 25 minutes. Whether billing either code, appropriate documentation must be maintained to support the CPT code billed.

Dr. Michael Lancaster, Division Chief of Clinical Policy, is participating on a work group with representatives from the Council, N.C. Psychiatric Association, LMEs, Division of Medical Assistance, and the Division, to address physician billing rates and codes. Efforts of the work group will also include developing and scheduling training for coding.

The Division is also aware that there is an overarching issue of the adequacy of rates and this rate issue will remain as a developmental item as the Division, DMA and the DHHS Controller continue system reform discussions.

Should you have any questions concerning items I, II and III above, please contact Wanda Mitchell, Budget and Finance Team Leader at 919-733-7013 or Wanda.Mitchell@ncmail.net. Questions related to CPT coding set forth in item IV, should be directed to Michael Lancaster, M.D., at 919-733-7011 or Michael.Lancaster@ncmail.net.

MM/ml/pdh

cc: Secretary Carmen Hooker Odom
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